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November 25, 2009

Board of Governors of the Federal Reserve System
Re: New Truth in Lending Legislation
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Sir or Madam:

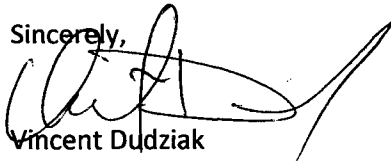
I strongly disagree with the attempt to not allow mortgage brokers to be paid with yield spread premiums. The yield spread premium lowers the cost of borrowing for the consumer. It also allows options for the consumer in regards to their interest rate. Generally, a first time home buyer barely has enough money to cover the closing costs and down payment. The yield spread premium allows the broker to offer the home buyer a zero point loan, which substantially lowers the home buyers closing cost and allows the broker to make an income from the transaction. In the same situation the yield spread premium could be used to help pay for all or part of the borrower's closing costs. The yield spread premium gives a borrower more choices in interest rates. If a borrower wants to buy down the interest rate, but does not have the money to pay one point, the yield spread premium allows the borrow to pay a percentage of the one point. If the borrower can lower their interest rate by paying half a point, then the broker can offer lower rate, charge the borrower a half a point and make up the difference in the yield spread premium. I am assuming in my calculation that the broker's fee is one percent of the loan amount.

There are two items already in place that protect the consumer. The first is the yield spread premium is disclosed on the Estimated HUD-1 Closing Statement and the Final HUD-1 Closing Statement. The other is most if not all lenders limit the amount a broker can charge on a loan transaction.

I sincerely hope you will consider leaving the yield spread premium as it is. I find it a great tool to help keep the cost of borrower down for my clients. As a broker I find it unfair, we have to disclose our profit on each loan, while the banks do not have to and they make more from each transaction than we do.

I understand your concern with the state of our economy and the protection of consumers, so that we do not have to face this again. I think eliminating the yield spread premium is not going to have a great impact on consumer protection; in fact I think it will limit the consumer from buying homes and refinancing them.

Thank you for your time and consideration.

Sincerely,

Vincent Dudziak
Broker / Owner

